



ANNUAL OPERATING & CAPITAL BUDGET

FISCAL YEAR 2014-15



ANNUAL OPERATING AND CAPITAL BUDGET FISCAL YEAR 2014 - 2015

**Prepared by Finance Department
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FY 2015 Budget
Adopted by the City Council
June 10, 2014

LEGISLATIVE BODY
(MAYOR & COUNCIL)

Mayor Kelvin H. Cullimore Jr.
at large

First Elected 11/9/2004
Re-Elected 11/5/2013
Term ends 1/1/2018

Michael Shelton
District 1
Elected 11/8/2011
Term ends 1/1/2016

J. Scott Bracken
District 2
First Elected 11/9/2004
Re-Elected 11/8/2011
Term ends 1/1/2016

Michael J. Peterson
District 3
Appointed 10/11/11
Elected 11/5/2013
Term ends 1/1/2018

Tee W. Tyler
District 4
First Elected 11/3/2009
Re-Elected 11/5/2013
Term ends 1/1/2018

CITY MANAGEMENT

John Park
City Manager
Appointed 1/7/2013
801 944-7000
JPark@ch.utah.gov

Linda Dunlavy
Deputy City Manager
801 944-7021
LDunlavy@ch.utah.gov

Mike Allen
Public Works Director
801 944-7090
MAllen@ch.utah.gov

Steve L. Fawcett
Finance Director & Budget Officer
801 944-7012
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Brian Berndt
Planning Director
801 944-7066
BBerndt@ch.utah.gov

Robby Russo
Chief of Police
801 944-7100
RRusso@ch.utah.gov

CONTRACT SERVICES MANAGEMENT

Shane Topham
City Attorney
*Callister Nebeker
and McCullough*

Mike Watson
Assistant Fire Chief
Unified Fire Authority

Brad Gilson
City Engineer
Gilson Engineering

Jodi Hilton
City Building Official
Sunrise Engineering

Augustus G.Chin
Judge
Justice Court

How to Use This Document Effectively

The budget document serves two distinct purposes. One purpose is to present the City Council and public with a clear picture of the services that the City provides. The other purpose is to provide City Management and Staff with a financial and operating plan.

The **TABLE OF CONTENTS** lists the major sections of the budget as well as information detailed in each section. The Table of Contents starts on page 5.

The **COTTONWOOD HEIGHTS PROFILE AND STATISTICS** section provides historical data and information about the City. This section assists both residents and non-residents in putting Cottonwood Heights' budget into perspective. The Cottonwood Heights Profile starts on page 7.

The **EXECUTIVE SUMMARY (BUDGET OFFICER'S MESSAGE)** summarizes the major issues and goals that drive the budget, the economic outlook that impacts the budget and the major policy and financial drivers that change the budget, and a general overview of the budget. This section also includes the GFOA Distinguished Budget Presentation Award. The Executive Summary (Budget Officer's Message) starts on page 31.

The **POLICIES AND PROCESSES** section provides key financial policies, a discussion of fund balance, the basis of measuring available revenue and expenditures, debt and debt limits, the fund structure and system of classifying revenue and expenditures, a discussion of the budget development and administration process and budget control and management. The Policies and Processes section starts on page 43.

The **VISION, MISSION, VALUES, AND GOALS** section provides the framework for preparing goals and the mission and overall short term objectives of the City and accomplishments. The Vision, Mission, and Values section starts on page 53.

The **FY2013-14 OPERATING AND CAPITAL BUDGET** section provides the budget narrative with charts and graphs to more fully explain the financial history of the city, a discussion of major revenue sources with the assumptions and history related to them, a summary of key changes by department, and a staffing document with detail changes. The FY2014-15 Operating and Capital Budget section starts on page 73.

The **DEPARTMENTS, DIVISIONS AND PROGRAMS** section includes a discussion of each department along with their functions, goals, objectives and targets of accomplishments, selected workload indicators, major accomplishments, discussion of service level adjustments, a five year look ahead, a financial summary of key changes with explanation and a detailed three year actual/budget history. Also included is the Capital Improvements Fund budget by project beginning on page 221, and the Employee Benefit Fund beginning on page 225. The Departments, Divisions and Programs section starts on page 93.

The official **STAFFING DOCUMENT** sections show by department a detailed history of changes by position with a one year explanation of current changes from the prior fiscal year. The Staffing Document starts on page 227.

The **FY2013-14 BUDGET AMENDMENTS** section includes a detail of the legal changes made to the budget during the prior fiscal year. The FY2012-13 Budget Amendment information starts on page 231.

The **GLOSSARY** and **CHART OF ACRONYMS** helps translate budget terms, jargon and acronyms into more understandable language. The Glossary starts on page 247. The Chart is on page 252.

The **APPENDIX** includes other items of interest: Our statement on long-range financial planning, the Five Year Information Technology Plan, the Certified Tax Rate Chart, the Adopted Budget Ordinance, and the Utah State Auditor Budget Transmittal. The Appendix starts on page 253.

For a copy of the budget document, or for any information not covered in this document, please call the Cottonwood Heights' Budget Office at (801) 944-7012 or visit the City's website www.ch.utah.gov

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CITY PROFILE

ABOUT COTTONWOOD HEIGHTS (*The City Between The Canyons*)

Cottonwood Heights was incorporated on January 14, 2005 out of the southeastern area of unincorporated Salt Lake County. The 2010 census reported a population of 33,433 residents in Cottonwood Heights which encompasses 8.86 square miles. Known as the ***City between the Canyons*** because it is located at the foot of the Wasatch Mountain Range between Big Cottonwood and Little Cottonwood Canyons. These two canyons are home to Salt Lake Valley's four major ski resorts, Alta, Brighton, Solitude and Snowbird. Each of these ski resorts has an international clientele and reputation.

The quality of life for Cottonwood Heights is very high with many cultural and recreational activities available within the city or in near proximity. Cottonwood Heights values highly its reputation as a well-maintained residential and business community. The preservation of quality of life is of utmost importance to residents and business owners. Cottonwood Heights views itself as a city where residents, businesses, and government come together to create an attractive, safe, groomed community and where people are proud to live, learn, work, recreate, and do business. The city is proud of the stunning background and residents place a high value on the natural element of the area; hillsides, streams, natural open spaces and parks. The residents occupy a variety of residential dwellings in harmony with thriving commercial areas. In 2007 Money Magazine selected Cottonwood Heights as one of the 100 best places to live in the United States.



Cottonwood Heights is home to many corporate headquarters. The city offers more Class A office space than any other city in Salt Lake County, except Salt Lake City. Office campuses include Union Park, Old Mill Corporate Center, Cottonwood Corporate Center and the Corporate Campus of Blue Cross Blue Shield. These business parks provide important centers of employment to many Cottonwood Heights residents.

As the gateway to the valley's largest ski resorts and with easy access to valley wide transportation systems, Cottonwood Heights welcomes visitors. The City strives to attract businesses that will serve the needs of the residents, promote the attractive image and appearance of the community, support and increase the general income and prosperity of the City, strengthen existing business centers and complement the City's location as the gateway to the canyons.

COTTONWOOD HEIGHTS, UTAH

CITY COUNCIL: FISCAL YEAR 2014-15



Mayor
Kelvyn H. Cullimore, Jr.



Council Member
District 1
Michael Shelton



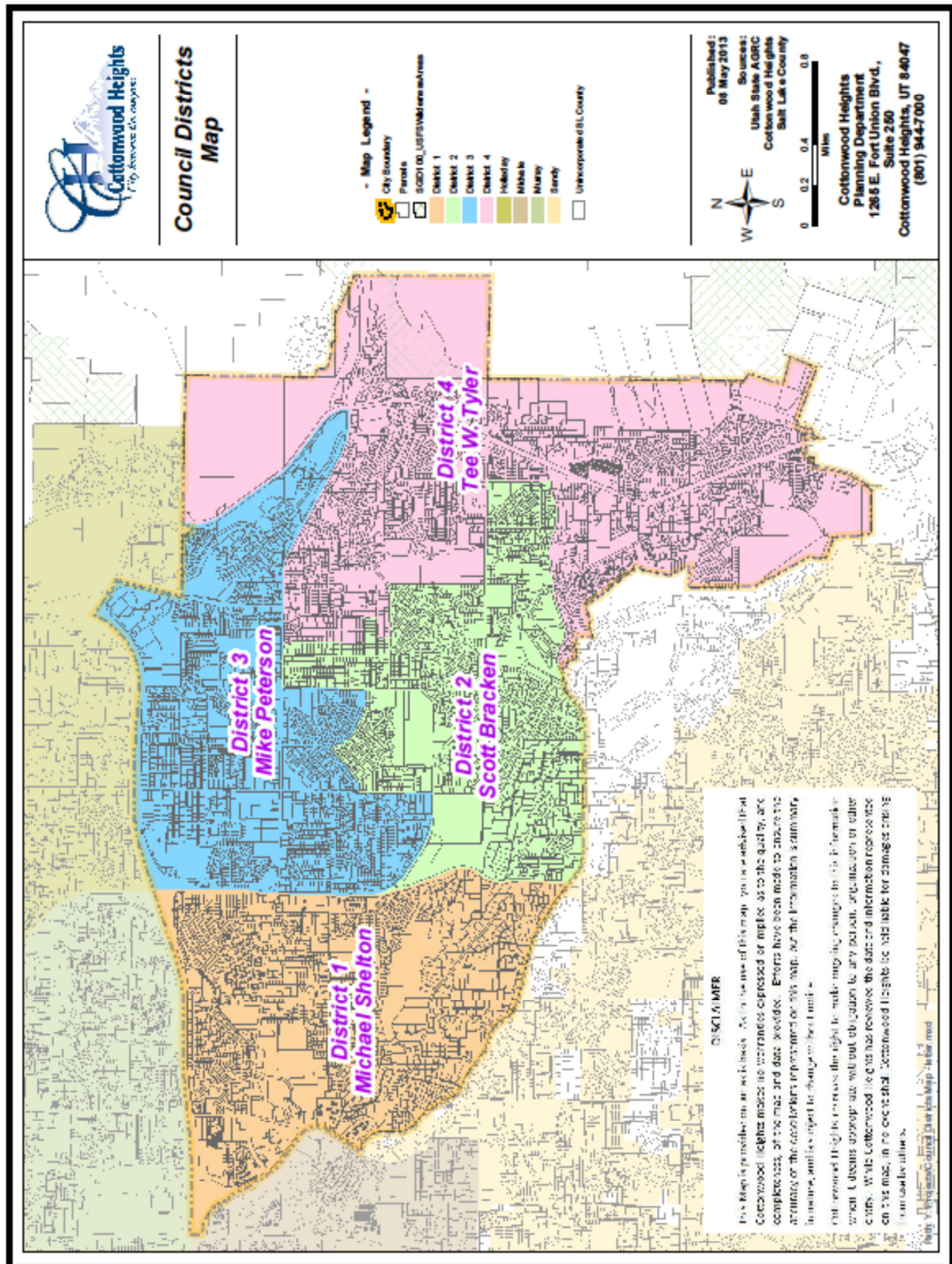
Council Member
District 2
J. Scott Bracken



Council Member
District 3
Michael J. Peterson



Council Member
District 4
Tee W. Tyler

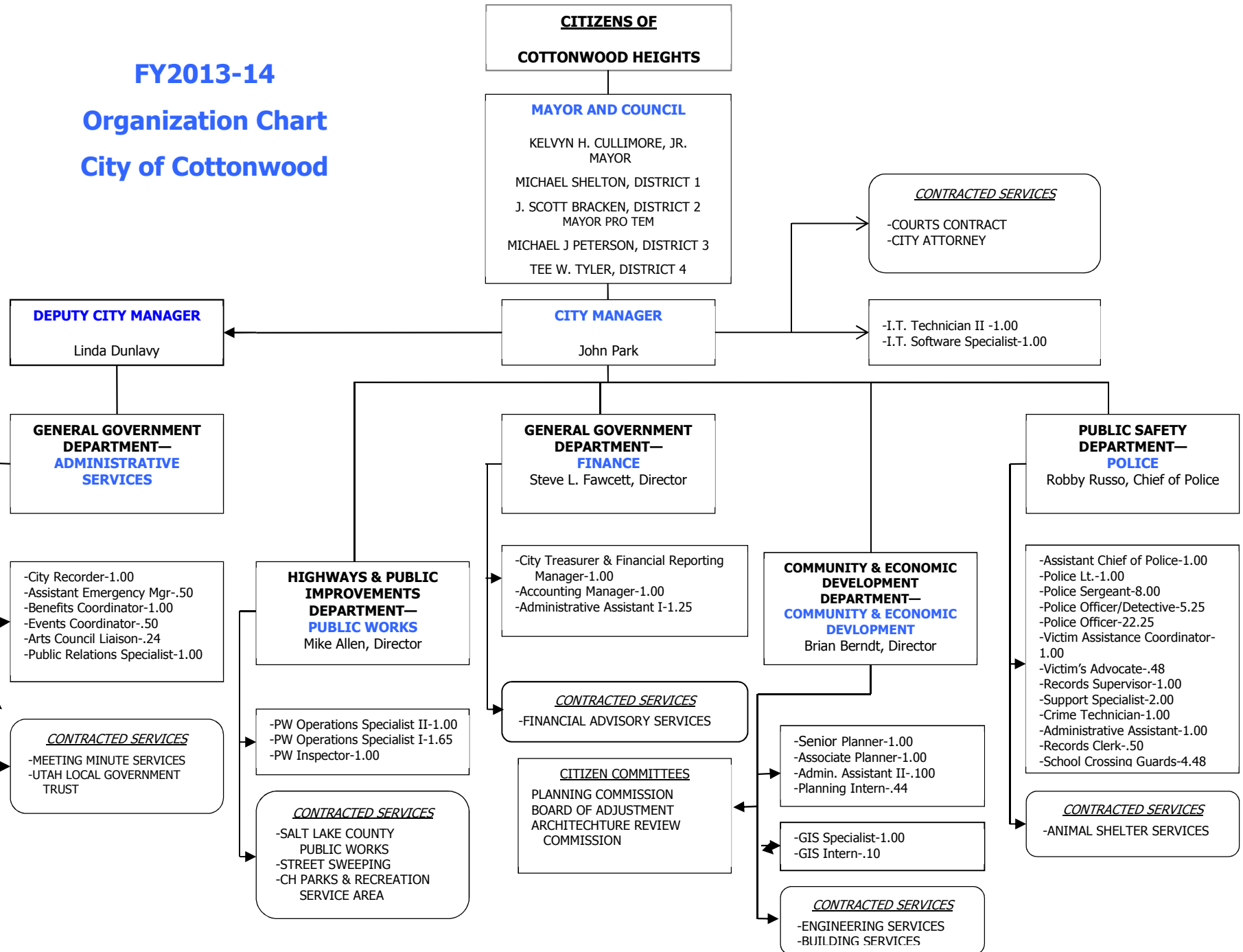


FY2013-14

Organization Chart

City of Cottonwood

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FORM OF GOVERNMENT

Cottonwood Heights is a political subdivision of the State of Utah, a municipal corporation and body politic with perpetual existence unless disincorporated. UTAH CODE ANN. § 10-2-301 states that a municipality with a population of 30,000 or more but less than 65,000 is a city of the third class.

Citizens voted to operate Cottonwood Heights from its inception under the "Council – Manager" form of government. Under this form of government the citizens elect a council member from each of four geographic districts and a Mayor is elected from the entire city at large. The Mayor and Council select a City Manager who acts as the chief executive officer of the City (City Code 2.40.010 in accordance with UTAH CODE ANN. § 10-3-1223). Policy-making and legislative authority are vested in the Mayor and Council, execution and administration of policies and ordinances is the responsibility of the City Manager. The Mayor and Council serve part time. The City Manager serves full time.

SERVICES AND OPERATIONS

As a local general purpose government, Cottonwood Heights provides a full range of municipal services including police and fire protection, construction and maintenance of streets and other infrastructure, planning and zoning, community and economic development, recreational and cultural activities; justice court, and animal services.

In addition to services provided directly by the City including -- General Government (Legislative, City Management, Finance, Treasurer, City Recorder), Public Safety (police and ordinance enforcement), Highways and Public Improvements (Public Works), Community and Economic Development (Planning and Zoning, Economic Development, Business Licensing), the City of Cottonwood Heights also *contracts* with several other taxing entities within the Salt Lake County area to provide certain services to our residents and businesses.

- ❖ The Cottonwood Heights Parks and Recreation Service Area (CHPRSA) is a Special Improvement District created in June, 1967, and is legally separate and distinct from the City. They operate a recreation center, recreation programs, and several parks within the city, including such amenities as swimming pools, an ice skating rink, a skate park, baseball diamonds, tennis courts, soccer fields, playgrounds, trails and social gathering places.

The City contracts with the CHPRSA to provide parks and landscape maintenance and management for three city parks and sixteen other roadway islands, trails, trailheads and walkways, monument signs, planters, and other small city owned properties. We also partner with them to conduct many city events, such as the Butlerville Days summer celebration.

- ❖ The Salt Lake County Public Works Department is a department within Salt Lake County government.

The City contracts with the Salt Lake County Public Works Department to provide, through contract roadway sign maintenance, school zone flashers, street light maintenance, traffic signal maintenance, and other small projects as requested

- ❖ The Unified Fire Authority (UFA) is a separate political subdivision of the State of Utah, directed by an eleven member board, made up of elected officials from Salt Lake County, and various cities within the Authority. They provide firefighting and rescue services, emergency medical services as well as wild land firefighting and prevention, hazmat, heavy rescue, bomb/arson, and Urban Search and Rescue (USAR)--Utah Task Force One services throughout Salt Lake County. These services are provided through contracts with the Authority, or as a member city

of the authority. Mayor Cullimore is the city appointee to the Board of the UFA and serves as chair of the UFA Finance Committee

As a member of UFA, Cottonwood Heights receives fire fighting and rescue and emergency medical services out of stations 110, located at 1790 E. Fort Union Blvd. and 116, located at 8303 S. Wasatch Blvd. They will also provide all other services they offer as the need arises.

- ❖ The Salt Lake City Public Utilities Department is a department within Salt Lake City, (the State of Utah Capital City, located on the northern end of Salt Lake County). They provide water treatment and distribution services to most areas of Cottonwood Heights.

The City contracts with the Salt Lake City Public Utilities Department to provide repair and maintenance services on fire hydrants located in the city. Within Cottonwood Heights fire hydrants are owned by the city and not the Unified Fire Authority or Salt Lake City Public Utilities. Allen Orr is a resident of Cottonwood Heights and the city's appointee to the Salt Lake City Public Utilities Advisory Committee.

- ❖ The City of Holladay, the city to the immediate north of Cottonwood Heights, operates a Justice Court.

The City contracts with Holladay City to provide traffic and misdemeanor Justice Court services, prosecutorial services, and indigent defense services required by law, as well as a small claims court. Justice Courts in Utah are not considered courts of record, so as is necessary, the State district court system will also provide services on behalf of the city.

The City contracts with a separate indigent defense service to serve clients that go through the State District Court system and not the Justice Court system.

Additionally, the City of Cottonwood Heights contracts with private professional entities to provide certain services to our residents and businesses.

- ❖ The City contracts with the law firm of Callister, Nebeker, & McCullough for legal services.

W. Shane Topham, attorney from the firm functions as the City's sworn Attorney.

- ❖ The City contracts with the engineering firm of Gilson Engineering, Inc. for engineering services in connection with building and other real property development, public works, and capital improvements.

Specifically, the scope of services includes:

- development review
- bond calculations, bond administration,
- site inspection, geology, administrative services (correspondence and record keeping for excavating permits, site inspection dispatch and inspection, issuance of road cut permits, and other miscellaneous city activities as assigned by the city), transportation, roadway planning and design, drainage planning and design, storm water quality

management, emergencies (cooperate with city's efforts to issue on an expedited basis emergency permits occasioned by disasters such as earthquakes and fires), barricade, material testing, surveying, addressing, reporting, advice and consultation, and public meetings.

- ❖ The City contracts with the engineering firm of Sunrise Engineering, Inc. for building services in connection with building and other real property development.

Specifically, the scope of services includes:

- plan examination
- building inspection
- building services coordination
- issuance of compliance and stop work orders
- fire, health department and local utilities coordination
- resource to city and its boards and committees with respect to building services
- public meetings
- miscellaneous building services as requested to review business license applications for verification that the use is appropriate to the type and construction of the building in which the business is to be located
- inspection or investigate reports of unsafe structures believed to be dangerous or a nuisance
- emergencies (cooperate with city's efforts to issue on an expedited basis emergency permits occasioned by disasters such as earthquakes and fires)
- emergency safety inspections of key public facilities within 12 hours after any disaster and or other emergency that may have compromised the structural integrity, safety or functionality of any public or other facility needed to provide public shelter, services, utilities or the like

There are several services that are typically provided by cities that Cottonwood Heights does not provide. These services are provided directly by other taxing authorities to the citizens of Cottonwood Heights. They are:

- ❖ Salt Lake City Public Utilities Department
They directly provide water treatment and distribution services to most City residents and businesses of the city.
- ❖ Cottonwood Improvement District
They directly provide wastewater collection services to City residents and business to most areas of the city.
- ❖ Jordan Valley Water Conservancy District
They directly provide water distribution services to City residents and businesses to some areas of the city not served by the Salt Lake City Public Utilities Department.
- ❖ Wasatch Front Waste and Recycling District
They directly provide waste removal services to City residents in all areas of the City.

CITY DEPARTMENTS AND OTHER ORGANIZATIONAL UNITS

The City is organized by departments. They are General Government, Public Safety, Highways and Public Improvements, and Community and Economic Development.

Some departments are further divided into other organizational units and the activity of all units is financed by the general fund. The following is a brief description of the city's departments and other organizational units, and the services provided by each unit.

General Fund

General Government Department

General Government is one of four super departments in Cottonwood Heights. It provides administrative services for the entity and includes the mayor, city council, and other committees,

commissions and special bodies appointed by the mayor, city manager and city council. It also includes judicial services, the city manager and all administrative officers of the city.

- **Legislative Division**

The Legislative Division is one of four divisions of the General Government Department. It is designed to capture the functions overseen by the Mayor and City Council.

- **Mayor and City Council**

Mayor and City Council organization consists of the Mayor, who is elected at-large and four City Council members, who are elected from their respective Council District within the City. They are the legislative body of the City that pass laws and regulations and determine overall policy direction on behalf of the City. Please see the Mayor and City Council on page 95.

- **Legislative Committees and Special Bodies**

Legislative Committees and Special Bodies program is designed to capture the expenses of the city for events, both sponsored and hosted, and for special committees and bodies, such as the Arts Council and Historic Committee. Please see list of activities on page 103.

- **Planning and Zoning Commission**

Planning and Zoning Commission program is designed to capture the Planning Commission expenses. There are seven planning commissioners and two alternates and they meet on the first Wednesday of the month and more often if necessary. Please see the Planning and Zoning Commission on page 107.

- **Judicial Division**

The Judicial Division is one of four divisions of the General Government Department. It is designed to capture revenue and expenses associated with the Cottonwood Heights City Court contract.

- **City Court**

Justice court service is provided to residents of the city and others who are cited or arrested in the city for traffic and adult misdemeanor criminal charges. This service is provided through an agreement with Holladay City and there are no Cottonwood Heights employees involved in this service. The court also has concurrent jurisdiction in the city with the State Juvenile Court over some traffic misdemeanors and infractions committed by 16 and 17 year olds and concurrent jurisdiction with the Third District Court over small claims matters. The service provided includes prosecution of offenders and indigent defense. Please see City Court on page 111.

- **Executive and Central Staff Division**

The Executive and Central Staff Division is one of four divisions of the General Government Department. It is designed to capture the City Manager operations along with several processes managed on a citywide basis.

- **City Manager**

The City Manager is appointed by the Mayor and City Council and is responsible to carry out the policies of the City Council within the adopted budget. The City Manager manages the day-to-day operations of the City. The City Manager also directly supervises City Emergency Management and Information Technology. Please see City Manager on page 115.

- **Information Technology (IT) / Data Processing**

The city uses this account to manage the purchase of hardware and software needs and IT related maintenance contracts. Staffing expenses are in the City Manager's budget. Please see IT on page 123.

- **Administrative Agencies Division**

Administrative Agencies Division is one of four divisions of the General Government Department. It is designed to capture the internal operational support functions of the City.

- **Finance Department**

Finance functions to safeguard the assets of the City. Department personnel provide the accounts payable, accounts receivable, payroll, and general accounting services as well as payment processing/cashiering and reception. They also are responsible for the City Budget, Interim and Annual Financial reports, City purchasing, Treasury, cash management and risk management premium and claims processing. Please see Finance on page 127.

- **Debt Service / Lease Expense**

This area accounts for the Sales and Use Tax Revenue Bond Series 2014 to construct a City Municipal Center. This area also captures the processing of a capital lease for Police vehicles. Please see Debt Service / Lease Expense on page 219.

- **Transfers to Other Funds**

The city uses this account to manage the transfer of general fund monies to other funds, primarily the Capital Improvement Projects Fund. Please see Transfers to Other Funds on page 219.

- **City Attorney**

The City contracts with a private law firm to provide all law related services to the City. This function is part of the Administrative Agencies Division. Please see City Attorney on page 137.

- **Administrative Services Department**

Administrative Services personnel provide the duties of the City Recorder, Human Resources, Business Licensing, Public Relations, and emergency management. Please see Administrative Services on page 141.

- **Elections**

The City holds general municipal elections during November of odd numbered years. Please see Elections on page 151.

- **Emergency Management**

The city uses this account to manage and organize its emergency management planning and account for related grants received. Staffing expenses are in the City Manager's budget. Please see Emergency Management on page 155.

Public Safety Department

Public Safety is one of four super departments in Cottonwood Heights. It provides police, fire, animal control and ordinance enforcement services. In prior years the city has contracted with the Salt Lake County Sheriff for police services. Beginning September 1, 2008 the city established its own police department. The city is a member of the Unified Fire Authority (UFA) which provides fire protection and emergency paramedical services. Cottonwood Heights' mayor serves on the UFA board and presently serves as chair of the UFA Finance Committee. On January 1, 2008 the city began to provide animal control services with its own employees as a part of the Ordinance Enforcement organizational unit. In addition to providing animal control services this staff works with citizens to obtain compliance with various city ordinances. Prior to January 1, 2008 the city contracted with Salt Lake County for animal control services.

- **Police Department**

The Police Department provides investigative, patrol, evidence processing, SWAT, citizen neighborhood patrol, school resource officers, crime victim support, and K-9 services. Please see Police on page 161.

- **Ordinance Enforcement**

The Ordinance Enforcement program provides animal control and care services, and code compliance enforcement. This program falls under the Police Department. Please see Ordinance Enforcement on page 169.

- **Fire**

The city contracts with the Unified Fire Authority in Salt Lake County for fire suppression and medical services. Please see Fire on page 175.

Highways and Public Improvements Department

Highways and Public Improvements is one of four super departments in Cottonwood Heights. It is designed to capture the functions of Public Works, Road and Street projects funded by the State "Class C" program, and Impact fees funded projects.

- **Public Works Department**

The Public Works Department provides maintenance of City roadways, sidewalks and Parks. Department personnel provide inspection, project management and contract management responsibilities. Please see Public Works on page 185.

- **Class C Roads**

The city receives funds from the State from taxes collected on gasoline sales. These funds are distributed to cities and towns based on a formula of various road lane miles within the jurisdiction. Please see Class C Roads on page 193.

Community and Economic Development Department

Community and Economic Development is one of four super departments in Cottonwood Heights. It is designed to capture the functions of Planning and Zoning, Economic Development, Business Licensing, Engineering, and GIS program development.

- **Planning and Zoning**

The Planning and Zoning Division provides oversight to all development within the City, manages the economic development efforts of the City, oversight of the engineering, permitting, and GIS information. Please see Planning and Zoning on page 199.

- **Economic Development**

The Economic Development function provides for the contractual agreement with the Economic Development Corporation of Utah (EDCU). It also includes Business Licensing. Please see Economic Development on page 207.

- **Engineering**

The Engineering function provides all engineering services in connection with building and other real property development, public works, capital improvements and for building services in connection with building and other real property development. Please see Engineering on page 213.

ACCOMPLISHMENTS

The major budget and recognition related accomplishments by Cottonwood Heights for eight and one-half years since incorporation are as follows:

FY05 Accomplishments

- City of Cottonwood Heights incorporated January 14, 2005
- Held the city's first municipal election. This election, resulted in the election of Mayor Kelvyn H. Cullimore, Jr. and Council Members Gordon M. Thomas, J. Scott Bracken, Don J. Antczak, and Bruce T. Jones
- Exited the Salt Lake Valley Fire Service Area and joined the Unified Fire Authority as a member city saving approximately \$1,000,000 annually in tax dollar expenditures
- Obtained \$3.5 million grant from Salt Lake County

FY06 Accomplishments

- Developed and adopted a plan for construction and maintenance of transportation capital facilities
- Developed and adopted a plan for construction and maintenance of storm water capital facilities
- Developed a Cottonwood Heights General Plan and amended Zoning Ordinances to facilitate that plan
- Led and coordinated the effort to raise from private sources and distribute over \$1.2 million in cash, mortgage relief, and other humanitarian services in helping relocate the residents of the closed Meadows Mobile Home Park
- Acquired part of the property needed for a city center and began developing the city center plan
- Revitalized many street and monument landscape areas throughout the city.
- Studied and revised business license fees
- Appointed an Architecture Review Commission
- Established a Youth City Council
- Addressed traffic safety issues in the City through implementing traffic calming initiatives including:
Brighton Bump mitigation on Oak Creek Drive

FY07 Accomplishments

- Implementation of a new Ordinance Enforcement Department which includes animal control
- Implementation of a new Geographic Information System (GIS) Service
- Participated with other cities on the east side of the Jordan School District in the creation of the new Canyons School District
- Instrumental in securing almost \$4,000,000 in funding from Salt Lake County Zoo, Arts, and Parks (ZAP) tax to reconstruct the Cottonwood Heights Recreation Center ice skating facilities.
- Established a Historical Committee
- Obtained \$1,287,514 in federal, state and local grants

FY08 Accomplishments

- Implemented a joint venture with Holladay city to provide justice court services for Cottonwood Heights citizens
- Cottonwood Heights and Salt Lake County jointly worked to acquire 5.67 acres of property which has been developed by the City into the Prospector Ridge/Timberline Trailhead. The County Contributed \$3.4 Million to the purchase of the land
- Entered into cost saving partnership with the cities of Holladay and Taylorsville to provide street sweeping
- Enhanced City Emergency Planning by:
Buying and equipping a CERT trailer

- Hosted first city sponsored emergency preparedness fair in the community
- Planned the Big Cottonwood Trail and Old Mill Pond urban fishery and obtained \$750 K grant to pay for phase I of the construction
- Obtained \$2,225,477 in federal, state and local grants

FY09 Accomplishments

- Implemented a new Cottonwood Heights Police Department effective September 1, 2008 staffed with 34 officers and 5 civilians initially
- Opened Timberline Trailhead – first phase of joint project with Salt Lake County Open Space and Parks fund
- Established an Arts Council
- Completed bridge rehabilitation on Creek Road at 2700 east improving bridge stability and extending useful life of structure
- Made significant improvements to information system infrastructure
- Enhanced City Emergency Planning by:
 - Buying 2 air wave frequencies
 - Buying 70 radios
 - Installed and tested an EOC radio in the City Offices and one off site
 - Qualified for and received a federal NET guard grant
 - Purchased and deployed new traffic control trailer increasing City's ability to respond to emergencies and provide traffic control
- Funded completion of Golden Hills Park
- Obtained \$2,266,270 in federal, state and local grants

FY10 Accomplishments

- Implemented new generation integrated financial management system
- Collaborated with Canyon's School District and Cottonwood Heights Parks and Recreation Service District on rebuilding of Butler Middle School
- Held the city's second municipal election since incorporation. This election, resulted in the re-election of Mayor Kelvyn Cullimore, Jr. and the election of two new council members, Nicole Omer, and Tee Tyler. Inaugural Council Members Don Antczak and Bruce Jones, who did not seek re-election were replaced
- Improved communication with citizens by improving the web page, expanding the Cottonwood Heights insert in the *Cottonwood/Holladay Journal*, use of communication poles and banners, Facebook, and twitter
- Addressed traffic safety issues in the City through implementing traffic calming initiatives including:
 - Refuge island on Bengal Blvd. by the Skate Park
- Made significant upgrades and improvements to information system infrastructure
- Hosted second city sponsored emergency preparedness fair in the community
- Planned the Big Cottonwood Trail and obtained \$534,000 Zoo, Arts and Parks (ZAP) grant to, along with city funding, complete phase II of the construction
- Obtained \$1,650,963 in federal, state and local grants

FY11 Accomplishments

- Held the first community play when the community performed "Joseph and the Amazing Technicolor Dreamcoat"
- Created a new and improved website
- Uploaded first compliant financial information to State transparency website
- Took ownership of Golden Hills Park
- Obtained \$1,536,378 in federal, state and local grants

FY12 Accomplishments

- Held the second consecutive community play when the community performed "The Wizard of Oz"
- Opened Mountview Park in May 2012
- Settled lawsuit with Cottonwood Estates by consenting to their disconnection of the Tavaci project from the City – 46 acres at the mouth of Big Cottonwood Canyon
- Formalized the first Community Development Agency (CDA) for the Canyon's Centre Resort development at the mouth of Big Cottonwood Canyon
- Negotiated with the Utah Department of Transportation to complete phase III of the Big Cottonwood Trail system
- Council Member Nicole Omer resigned to relocate out of State. Mike Peterson was selected by the remaining Council Members to complete her term of office
- Held the city's third municipal election since incorporation. This election resulted in one new council member. Council Member Gordon Thomas, an inaugural member of the Council did not seek re-election and was replaced with new Council Member Mike Shelton
- Conducted study of business license fees
- Hosted third city sponsored emergency preparedness fair in the community
- Planned the Big Cottonwood Trail and worked with the Utah Department of Transportation and secured funding, along with city funding, to complete phase III, the final phase, of the construction
- Obtained \$1,253,101 in federal, state and local grants
- Obtained \$1,200,000 state appropriation to complete infrastructure improvements on Union Park Avenue

FY13 Accomplishments

- Held the third consecutive community play when the community performed "Cinderella Enchanted"
- The City's first City Manager, Liane Stillman, retired and a new City Manager, John Park was hired and began service January 1
- Completed and submitted to the Government Finance Officers Association (GFOA) for review the first city Comprehensive Annual Financial Report (CAFR)
- Completed the City's first Popular Annual Financial Report (PAFR).
- The City volunteered to be the County Clerks "test case" for the newly approved VOTE BY MAIL process for the 2013 municipal election
- Obtained \$1,314,310 in federal, state and local grants
- Obtained \$2,050,000 state appropriation to complete parking improvements at the mouth of Big Cottonwood Canyon/Fort Union Blvd. and Wasatch Blvd. and Improvements on Bengal Blvd.

FY14 Accomplishments

- Held the fourth consecutive community play when the community performed "The Music Man"
- Completed plans for the construction of a City Municipal Center, which will house City Hall, Police Department, and other Civic spaces both inside and outside
- In conjunction with the construction of the City Municipal Center, the city received a favorable AA- bond rating from Standard & Poor's rating agency for the city's first ever bonded debt instrument, a sales and use tax revenue bond
- Held the third consecutive volunteer appreciation banquet to recognize the great people who give of their time and talents in service on the various city boards, committees, and commissions
- Held the second winter song fest

- Held a successful municipal election, the first ever VOTE BY MAIL process. Mayor Kelvyn H. Cullimore, Jr. was re-elected as Mayor for a third term. Michael J. Peterson was elected Council Member from the 3rd District, his first election after having been appointed in Oct. 2011 to the office. Tee W. Tyler was re-elected Council Member from the 4th District for a second term.
- Obtained \$1,607,356 in federal, state and local grants

Awards and Special Recognition

- Selected in 2007 by Money Magazine as a top 100 City in America for cities with population less than 75,000
- 2009 recipient of the Federal Emergency Management Agency (FEMA) national award for Collaborative Preparedness Planning
- Member of the Year recognition from the Utah Housing Authority for our work on the Meadows Mobile Home Park.
- Utah Recreation Association Best Event Award for Bark in the Park
- Mayor Kelvyn Cullimore was selected in November 2010 as the Canyon's School District Apex award winner: Mayor of the Year
- Sheila Jennings, Police Department Support Specialist was selected as the 2010 recipient of the Utah Chiefs of Police Association Civilian of the Year Award
- All American Cities finalist in 2011
- Best of State Awards presented to:
 - Gary Harmer – Best Public Sector Appointed Official - 2007
 - Mayor Cullimore – Best Elected State Official - 2008
 - Kevin Smith – Best Community Development Department - 2009
 - Chief Robby Russo – Best Public Safety Official - 2010
 - Liane Stillman – Best Public Sector Appointed Official – 2011
 - Linda Dunlavy – Best Public Sector Appointed Official – 2012
- Linda Dunlavy, Director of Administrative Services was recognized by the Utah Municipal Clerks Association as the 2012 Recorder of the Year for the State of Utah
- The International Footprinter Association, in 2012, recognized City Police Department officers Corbett Ford and Dan Bartlett as National Officers of the Year for their work on the Dr. Stack case.
- Police Chief Robby Russo was selected, in 2013, by the Utah Chiefs of Police Association as the Police Chief of the Year
- The Department of Public Safety awarded to the Cottonwood Heights Police Department the annual Commissioner's Award for excellence in Highway Safety for 2013
- The Utah Recreation and Parks Association (URPA) awarded their 2013 Outstanding Manager Award to Council Member Mike Peterson, who is the Director of the Cottonwood Heights Parks and Recreation Special Service Area
- The Utah Recreation and Parks Association (URPA) awarded their 2013 Outstanding Facility Award to the city for Mountview Park, which they described as "fantastic" and "besides multi-use features, it brings about a sense of community"
- The International Pavement Management Association identified our city for being in the top 3% of cities across the country based on aggressive management techniques to save millions of dollars in road maintenance over a period of time
- Five members of the Cottonwood Heights Youth City Council were awarded a trip to Washington D.C. by Senator Lee's Office for winning the Utah League of Cities and Towns annual conference "Constitution Bowl" competition
- David Muir, City Treasurer and Financial Reporting Manager, was recognized by the Utah Government Finance Officers Association (UGFOA) for his six year term as a Board Member

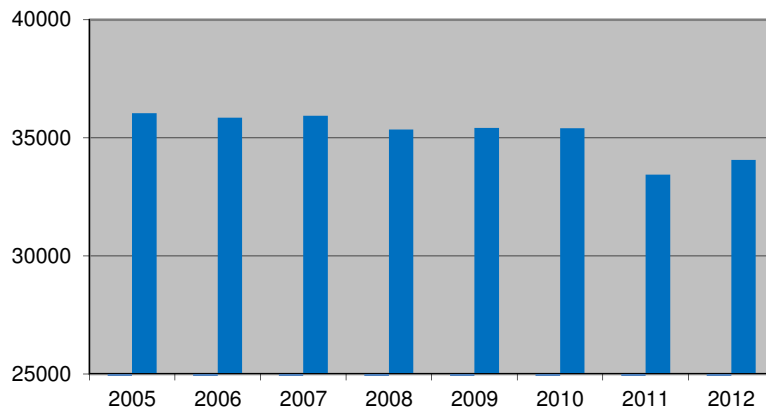
- Recipient for seven consecutive years of the *Distinguished Budget Presentation Award* from the Government Finance Officers Association for excellence in budgeting. This award is the highest form of recognition in governmental budgeting. Steve Fawcett, City Finance Director and Budget Officer received special recognition for this award
- Recipient of the *Certificate of Achievement for Excellence in Financial Reporting* for the fiscal year ended June 30, 2012. This certificate is the highest form of recognition in governmental accounting and financial reporting for completion of the comprehensive annual financial report. David Muir, City Treasurer and Financial Reporting Manager received special recognition for this award
- Recipient of the *Award for Outstanding Achievement in Popular Annual Financial Reporting* for the fiscal year ended June 30, 2012. This award is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government popular reports

STATISTICAL PROFILE

The City of Cottonwood Heights was not incorporated as of the 2000 Census and therefore, there is limited comparative data available to provide the reader with a basis to evaluate the shift of demographics and economic change.

The 2010 Census counted the City population at 33,433. The 2013 Census estimate shows the City population at 34,017. This most recent estimate represents 3.15% of the population of Salt Lake County, and 1.17% of the population of the State of Utah.

Estimated Population of Cottonwood Heights



Estimated Population

(as of July 1)

2013	34,017
2012	34,068
2011	33,433*
2010	35,407
2009	35,418
2008	35,351
2007	35,932
2006	35,853
2005	36,033

Note: 2011 reflects actual numbers reported by 2010 census. All other years from Governor's Office estimates.



**COTTONWOOD HEIGHTS
TAXABLE RATE SUMMARY
(Includes Real, Personal, and State Centrally Assessed)**

TAX YEAR	BEGINNING CERTIFIED RATE TAXABLE VALUE*	% CHNG	ADJUSTMENT TO VALUE	% OF VALUE	TAX RATE VALUE	TAX RATE	% CHNG	TAX RATE BUDGETED REVENUE	% CHNG	TAX RATE ACTUAL REVENUE	% OF BUDGET
2006	2,444,593,282		-295,226,530	12.08%	2,149,366,752	0.002624		6,288,245		6,339,067	100.81%
2007	2,931,600,173	19.92%	-130,408,614	4.45%	2,801,191,559	0.002220	-15.40%	6,363,928	1.20%	6,272,729	98.57%
2008	3,130,176,176	6.77%	-108,069,358	3.45%	3,022,106,818	0.002098	-5.50%	6,412,498	0.76%	6,216,140	96.94%
2009	2,769,611,088	-11.52%	-96,608,465	3.49%	2,673,002,623	0.002399	14.35%	6,423,917	0.18%	6,177,283	96.16%
2010	2,669,457,740	-3.62%	-108,557,452	4.07%	2,560,900,288	0.002517	4.92%	6,445,912	0.34%	6,343,931	98.42%
2011	2,600,136,185	-2.60%	-110,896,740	4.27%	2,489,239,445	0.002586	2.74%	6,437,173	-0.14%	6,385,381	99.20%
2012	2,543,139,341	-2.19%	-122,826,043	4.83%	2,420,313,298	0.002654	2.63%	6,431,714	-0.08%	6,540,841	est 101.70%
2013	2,685,045,665	5.58%	-143,235,433	5.33%	2,541,810,232	0.002522	-4.97%	6,465,048	0.52%	6,465,048	est 100.00%

*Source: 693 Report: State Tax Commission Certified Tax Rate Finalized Values

**COTTONWOOD HEIGHTS
TEN LARGEST PROPERTY TAXPAYERS
(REAL AND PERSONAL PROPERTY)**

TAXPAYER	RANK	2013 TAXABLE VALUE	% OF TV	TYPE OF BUSINESS
Old Mill Corporate Center	1	\$112,656,800	4.43%	Non residential property managers
NOP Cottonwood (Cottonwood Corporate Center)	2	\$97,355,600	3.83%	Non residential property managers
RBCBSU Realty, Inc. / Regence BlueCross/BlueShield	3	\$38,825,491	1.53%	Real estate / Insurance
Fourels Investment Co. (Shopping Area)	4	\$36,636,000	1.44%	Real estate investment
Pinnacle Highland Apartments	5	\$30,859,015	1.21%	Apartment Rentals
Sante Fe Apartments, LLC.	6	\$24,956,085	0.98%	Apartment Rentals
James Campbell Company, LLC.	7	\$21,845,610	0.86%	Real estate
Fusion IO, Inc.	8	\$21,301,133	0.84%	Technology
JSP Farms I, LLC	9	\$17,746,740	0.70%	
Reef Union Park	10	\$17,531,500	0.69%	Real estate

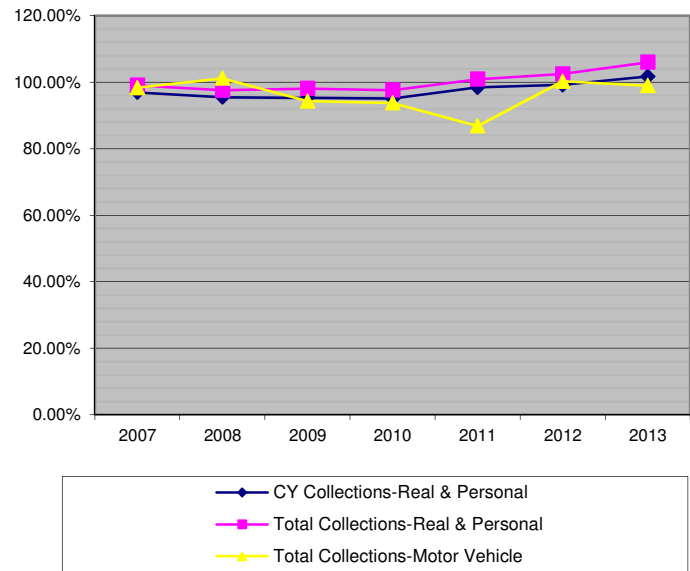
COTTONWOOD HEIGHTS REAL AND PERSONAL PROPERTY TAX COLLECTION RECORD						
FISCAL YEAR	(a) NET TAXES LEVIED	(b) CURRENT COLLECTIONS	(c) DELINQUENT & OTHER COLLECTIONS	(b÷a) CURRENT COLLECTIONS PERCENT	(b+c÷a) TOTAL COLLECTIONS PERCENT	TOTAL DELINQUENCIES OUTSTANDING ON MAR 31
2007	\$6,540,140	\$6,339,067	\$137,384	96.93%	99.03%	
2008	\$6,570,859	\$6,272,729	\$136,033	95.46%	97.53%	\$0
2009	\$6,522,478	\$6,216,140	\$181,313	95.30%	98.08%	\$6,536
2010	\$6,500,000	\$6,177,283	\$167,003	95.04%	97.60%	\$44,243
2011	\$6,445,912	\$6,343,931	\$156,026	98.42%	100.84%	\$25,690
2012	\$6,437,173	\$6,385,381	\$208,795	99.20%	102.44%	\$30,957
2013	\$6,431,714	\$6,540,841	\$386,075	101.70%	107.70%	\$81,648



**COTTONWOOD HEIGHTS
MOTOR VEHICLE FEE IN LIEU OF TAX COLLECTIONS**

FISCAL YEAR	MVF BUDGETED	CURRENT COLLECTED	TOTAL COLLECTIONS PERCENT
2007	\$514,000	\$505,430	98.33%
2008	\$500,000	\$505,711	101.14%
2009	\$500,000	\$471,390	94.28%
2010	\$500,000	\$468,657	93.73%
2011	\$490,951	\$426,149	86.80%
2012	\$399,000	\$400,016	100.25%
2013	\$395,000	\$390,882	98.96%

Tax Collection Rates Fiscal Years 2007-2013



2010 United States Census Information

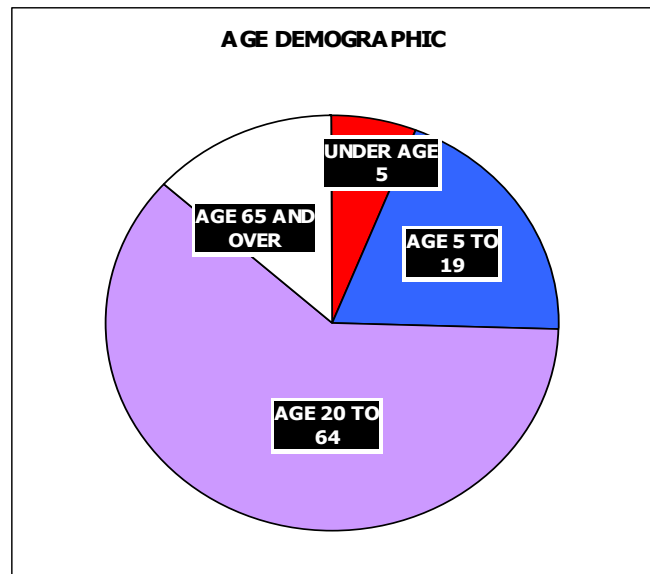
AGE DEMOGRAPHIC (Years)

< 5	2,053	6.14%
5 to 19	6,473	19.36%
20 to 64	20,442	61.14%
65 >	4,465	13.36%
	<u>33,433</u>	<u>100.00%</u>

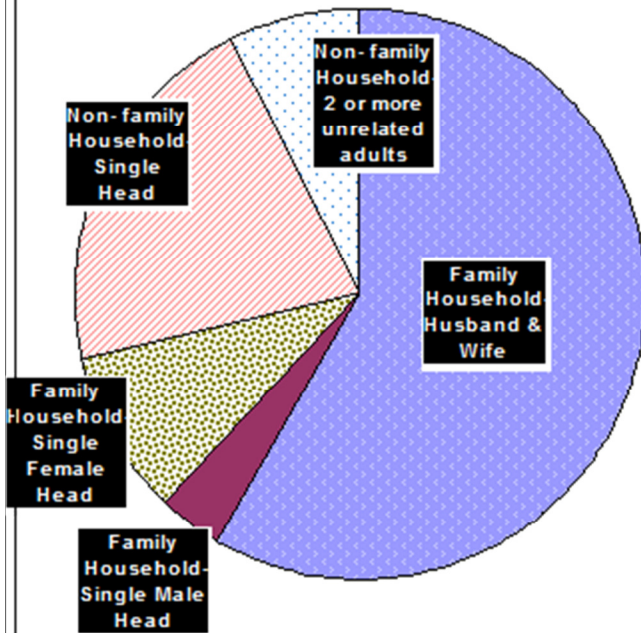
Median Age = 36.9

Median Age (Female) = 35.9

Median Age (Male) = 38.1

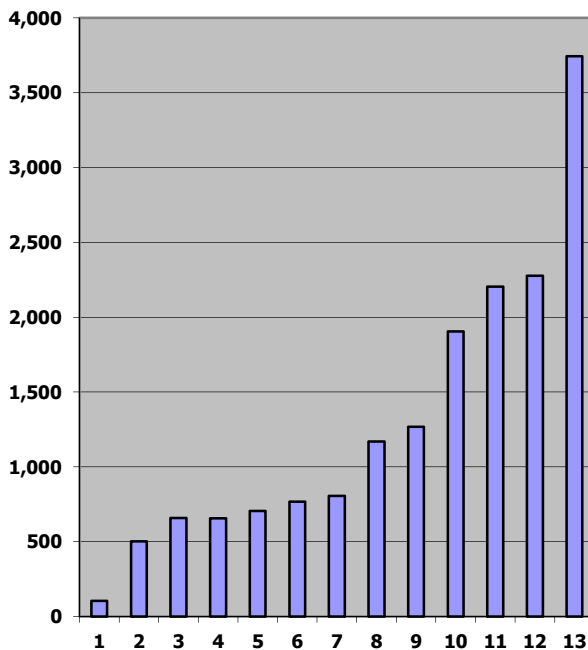


HOUSEHOLD DEMOGRAPHIC



HOUSEHOLD DEMOGRAPHIC		2010 TOTAL
		12,459
Family Households		8,902
Both Husband & Wife in Family		7,258
Single Male Family		475
Single Female Family		1,169
Non-family Households		3,557
Householder living alone		2,637
2 or more unrelated adults		920
Average Household Size		2.68
Average Family Size		3.13

Labor Force by Industry



ECONOMIC DEMOGRAPHIC

**Employed Civilian Labor Force
(16 years and older)**

16

INDUSTRY

- 1 Agriculture, forestry, fishing / hunting, & mining
- 2 Other Services, except Public Administration
- 3 Information
- 4 Wholesale trade
- 5 Transportation, Warehousing, and Utilities
- 6 Construction
- 7 Public Administration
- 8 Manufacturing
- 9 Arts, Entertainment, Recreation, Accommodation, Food Serv.
- # Finance, Insurance, Real Estate, and Rental/Leasing
- # Retail trade
- # Professional, Scientific, Management, Administrative
- # Educational, Health Care, and Social Assistance

CLASSIFICATION OF WORKER
Total Workers

Private wage and salary workers
Government workers
Self-employed, in owned but
not an incorporated business
workers
Unpaid family workers

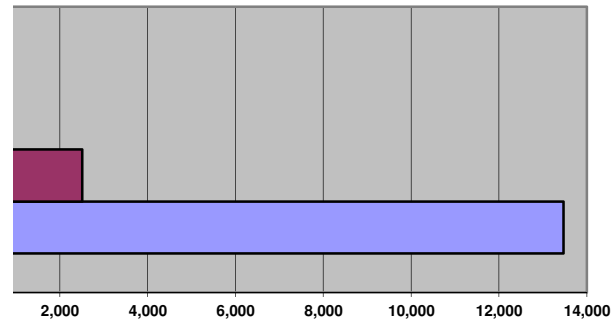
16,766

13,473

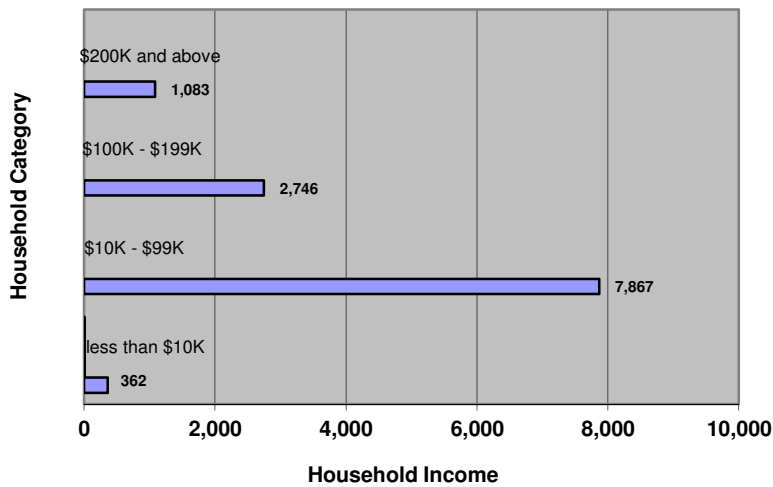
2,511

761

21

CLASSIFICATION OF WORKER


□ unpaid family worker
□ self-employed worker (non corp)
■ government workers
■ private workers

INCOME AND BENEFITS

INCOME AND BENEFITS
(in 2010 inflation adjusted dollars)
Households with income
12,058

Households less than \$10,000 362

Households \$10,000 to \$99,000 7,867

Households \$100,000 to \$199,000 2,746

Households \$200,000 and above 1,083

Median household income \$71,667

RACE, and HISPANIC OR LATINO (%)
One Race

97.50

White

91.30

Black or African American

0.9

American Indian and Alaskan Native

0.4

Asian

3.2

Native Hawaiian and Other Pacific Islander

0.3

Some Other Race

1.4

Two or More Races

2.5

Hispanic or Latino (May be Any Race)

5.1



SELECTED ECONOMIC INDICATORS FOR SALT LAKE COUNTY

(Source: Utah Department of Workforce Services: Updated November 2013)

	YEAR				
	2012	2011	2010	2009	2008
Population	1,064,069	1,048,032	1,033,910	1,016,795	9,995,536
Labor Force: Annual Averages (Dec)					
Employed	521,772	510,310	511,799	522,422	536,731
Unemployed	30,222	35,745	43,272	38,356	16,690
Unemployment Rate	5.5%	6.5%	7.8%	6.8%	3.5%
Total Personal Income (Millions)	n/a	\$40,995	\$39,084	\$38,581	\$39,013
Per Capita Income	n/a	\$39,081	\$37,827	\$37,276	\$38,304
Average Family Income	n/a	\$59,168	\$56,664	\$56,954	\$59,168
Average Monthly Non-farm Wage	\$3,826	\$3,703	\$3,623	\$3,470	\$3,470
Gross Taxable Sales	\$21,695,000	\$19,810,800	\$18,798,700	\$18,284,200	\$20,477,900
Total Construction Value (\$000)	\$1,581,415	\$1,560,324	\$1,042,646	\$1,545,119	\$1,656,131
New Residential Building Permits	2,927	2,403	2,471	4,586	3,555
Residential Permits Value (\$000)	\$632,806	\$478,242	\$424,610	\$649,517	\$588,478

TEN LARGEST EMPLOYERS w/in SALT LAKE COUNTY	AMERICAN FACT FINDER 2011 Estimates	
Intermountain Health Care	Median Age	30.8
University of Utah	Persons per Household	2.96
State of Utah	Female Participation % of Labor Force	49.7%
Granite School District	Male Participation % of Labor Force	50.3%
Jordan School District	Self-Employed	4.90%
Salt Lake County	Commute Time (minutes)	21.8
Univerity of Utah Hospital	Median Family Income	\$68,947
United States Government	Median Earnings:	
Wal-Mart	Male Full-time	\$45,701
The Canyons School District	Female Full-time	\$34,192
	Persons Below Poverty	11.10%
Source: Utah Department of Workforce Services: Updated November 2011		
Source: United States Census Bureau-U.S. Dept. of Commerce		



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished
Budget Presentation
Award*

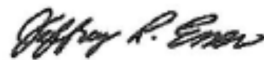
PRESENTED TO

Cottonwood Heights

Utah

For the Fiscal Year Beginning

July 1, 2013



Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation Award to **Cottonwood Heights, Utah** for the Annual Budget beginning **July 01, 2012**. This is the sixth consecutive year the city has earned this prestigious award. In order to receive this award, a governmental unit must publish a budget document that meets program criteria as a **policy document**, as an **operations guide**, as a **financial plan**, and as a **communications device**. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements, and we are submitting it to GFOA to determine its eligibility for another award.



EXECUTIVE SUMMARY
(BUDGET OFFICER'S MESSAGE)



BUDGET EXECUTIVE SUMMARY

(Budget Officer's Message)

2013-2014

To The Honorable Mayor, City Council and Citizens of Cottonwood Heights

I present to you the Annual Operating and Capital Budget for the fiscal year beginning July 1, 2014 and ending June 30, 2015. (FY2015)

This year's budget process began when we held the February 4th retreat where goals and general budget development guidelines were discussed. Those goals and expectations were provided to the Administration to use as we prepared the budget and made ready this presentation.

This budget represents the appropriation of funds for FY2015. It also represents the revised budget for FY2014. The property tax rate for the calendar year 2014 (CY2014) which provides the property tax revenue to support the FY2015 budget becomes known in early June each year. This budget includes the adoption of the certified rate, as calculated by the Utah State Tax Commission.

The Governmental Funds (General Fund & Capital Projects Fund) budgets are balanced as required by Utah Code Section 10-6-117. Appropriations in each fund do not exceed estimated expendable revenue and other sources. The Employee Benefits Fund (An Internal Service Fund) is included in this document however the budget for this fund is not legally required by Utah Law to be adopted and is included here for information only.

ISSUES

The City Council goals set the priorities that guide the allocations of resources in this budget and all of the goals that are to be accomplished in FY2015 are facilitated by this budget. The discussion under the heading "Cottonwood Heights City Goals" (page 66) summarizes the methods used by the council to identify major issues and the goals or priorities of the council and citizens for this new budget year. The outcomes of those discussions lead to many of the decisions and the prioritization of appropriations in the budget.

The major issue in balancing the budget continues to be the slow growing level of revenue which is outpaced by the continually increases in operating expenditures. Of particular note are the seemingly ever increasing rates for employee health insurance, the increasing rates for employee pension plans administered by the Utah State Retirement Office, and the increased costs of roadway maintenance and construction. The economic outlook is looking positive in the State and locally, but still seems to be dragging on somewhat at the Federal level. We have seen fewer federal dollars available for special projects and expect this trend to continue for a time, until the federal budget balancing theories are worked through. Our base levels of services should not be impacted that much, but we may not be able to complete some additional or special projects, particularly in law enforcement and capital project development. We must, however, deal with whatever change methods are implemented and adjust accordingly.

The local economy is still strong. We may have turned the corner on revenue generated by the tax on fuel at the pump. This "gas tax" referred to as Class "C" revenue has been steadily declining the prior three years but rebounded in FY2014. We remain hopeful through this budget year that this source of funding will remain steady or show further signs of growth.

This city budget has been prepared contemplating as much as possible these unpredictable factors.

The major areas of focus for the City Council continue to be public safety, customer service, communication, emergency preparedness, and appropriate capital projects. A new area of focus will be construction of the first City Municipal Center that will include City Hall, City Police, and other Civic space both inside and outside. A continuing theme carried throughout the council goals and objectives is to enhance communication and public involvement as well as all city services without adding any new fees such as storm water or utility franchise fees, etc. and without increasing current taxes. This city budget has been prepared with this focus in mind.

In fact, the city is bending the rules of the use of excess fund balance for one year so that we may spend down the excess funds collected from taxes over the years, and use those funds as a one year bridge into the future. However, as the city looks beyond FY2015, we must recognize that without major changes in the current economic factors, the potential cost of providing the services we want to provide will be greater than the resources we will have to provide the services. It is possible that we will need to change our paradigm regarding service delivery or sources of funding.

The action plan to address FY2015 issues, areas of focus, and goals is to maintain services in ways that do not use more money than is absolutely necessary and with an expected positive result. There is an emphasis on improving both internal and external services by examining the way the City provides those services, and to make appropriate changes in methodology.

2014-15 Expectations

- Balance the budget with no new tax or revenue sources
- Balance the budget with no increases in existing taxes
- Balance the budget and bridge the gap with reliance on fund balance for one year only
- Balance the budget being fair to employees, allowing them to have a wage that keeps up with inflation
- Balance the budget with a health care coverage program that is fair to employees, legally in concert with the Affordable Care Act, and maintains the same portion of premium sharing to the employee
- Balance the budget and maintain the policy level in the committed fund balance of 6% (reserves)
- Balance the budget while maintaining the high level of service our citizens and businesses expect and enjoy
- Balance the budget while enhancing the transparency of government that exists in Cottonwood Heights through public notifications and sharing of information through special notices, articles in the *Cottonwood/Holladay Journal*, and a modified more robust City Web site found at: www.cottonwoodheights.utah.gov

2014-15 Key Budget Decisions and Processes

By marrying the Council's expectations with small budgeted growth in revenue, the Administration developed this budget with the following criteria in mind:

- All employees receive a 1.5% across the board cost of living adjustment (COLA)
- Employees will receive an additional increase based on successfully completing goals
- Health insurance rates negotiated professionally to receive best rate possible, even in adverse conditions, that being 6% increase for the FY2015 plan year
- Both a traditional plan and a qualified high deductible health care plan/HSA contribution from the city will be offered to employees once again
- All contracts for services reviewed for maximum efficiency

- All program expenditures reviewed for relevance, efficiency and effectiveness and analyzed to determine where appropriate reductions should be made
- Revenue projections moderately yet realistically estimated
- Changes in personnel FTE counts will only be made to meet increased service demands and to improve the timeliness of service delivery

BUDGET ASSUMPTIONS

REVENUE OVERVIEW

Revenue estimates are based upon current economic conditions as well as historical trends, where appropriate.

Key recurring general fund revenues have not increased at the level Cottonwood Heights experienced early in its history. In fact, some revenues have once again decreased from the FY2014 revised levels.

It is anticipated that actual sales tax revenues will grow and therefore, an increase in the sales tax budget reflects this assumption.

It is anticipated that the actual prior year or delinquent property tax collections will begin to moderate, and, therefore no increase in the total property tax budget reflects this assumption.

Current year property tax assumptions remain at the current budget level. This budget reflects the assumption that the Certified Tax Rate (the rate that will generate the same revenue budget as the previous year) will be adopted.

The chart below tracks changes for the selected sources of revenue from FY2013 actual revenue to FY2014 Budget to FY2014 Estimated and then to the FY2015 Budget.

Source of Revenue	FY 2013 Actual	FY 2014 Amended Budget	FY 2014 Estimated Revenue	Diff \$	2014 % Change	FY 2015 Budget	Diff \$	2015 % Change
Property Taxes	6,954,277	6,620,048	6,620,048	-334,229	-4.81%	6,620,048	0	0.00%
Motor Vehicle Fees	390,882	390,000	390,000	-882	-0.23%	390,000	0	0.00%
Sales Taxes	5,011,132	5,170,000	5,170,000	158,868	3.17%	5,300,000	130,000	2.51%
Other Taxes	636,881	640,000	640,000	3,119	0.49%	621,700	-18,300	-2.86%
Licenses / Permits	502,581	595,000	595,000	92,419	18.39%	560,600	-34,400	-5.78%
Class C Roads	1,066,099	1,090,000	1,090,000	23,901	2.24%	1,090,000	0	0.00%
Zoning / Subdivision Fees	237,092	180,500	180,500	-56,592	-23.87%	170,000	-10,500	-5.82%
Court Fines & Forfeitures	528,676	530,000	530,000	1,324	0.25%	535,000	5,000	0.94%

To fully understand the changes and why they are significant to this budget, please note that the differences between FY2013 actual and FY2014 estimated revenue reflects conservative yet realistic budgeting of revenue. Actual final revenue for FY2014 may differ from the estimate. FY2014 trends also help inform the FY2015 budget forecasts.

- Property taxes by law are kept at the same revenue generating level unless new growth has occurred. There was very slight new growth in FY2014. Actual collection of current revenue and delinquent revenue is on target. It is anticipated that the level of delinquencies or revenue from prior year taxes will decline in the future. The certified rate adjusts in FY2015 to mathematically generate enough revenue to adjust for any loss and to maintain the base revenue, including an

adjustment to account for the average of total delinquent taxes collected year over year. The FY2014 certified rate is .002522. The FY2015 certified rate is not available until early June

- Motor Vehicle fees (fee-in-lieu of property tax) leveled in FY2014 and appear to be remaining at the estimated current year levels. It is predicted that this area will continue to be flat through FY2015
- Sales tax revenue in FY2013 materially exceeded the FY2013 budget and the expected actual in FY2014 should exceed the original budget again. The FY2015 budgeted level is expected to increase approximately the same rate as in FY2014. The budget reflects conservative estimates of revenue compared to the very conservative level of previous years
- Class C Roads revenue increased in FY2014. We may have turned the corner on revenue generated by the tax on fuel at the pump. This "gas tax" referred to as Class "C" revenue has been steadily declining the prior three years but rebounded in FY2014. We remain hopeful through this budget year that this source of funding will remain steady or show further signs of growth
- Other sources of revenue and any predicted changes reflect actual patterns that seem to be developing, some indicative of building activity remaining steady but not significantly and slight fluctuations in other charges for services provided.

EXPENDITURE OVERVIEW

Expenditures by department were developed at levels necessary to meet the City Council expectations based on the goals and objectives established for FY2015.

Salaries and Benefits

Salary, wages and benefit costs are the largest components of the department budgets and have to be examined when budget decisions are made. Departments are tasked with the responsibility to look at each program and make any changes necessary to combine effort or to eliminate work that no longer needs to be performed, to make additions needed to maintain service levels to citizens, and to examine the cost of services delivered in the City through contracted services.

City Code 2.50.100--Compensation states: City employees shall be compensated in accordance with a schedule of salary rates or ranges for each job classification as set forth by the city manager and approved by the city council. In arriving at the salary rates or ranges, the city manager and city council may consider the prevailing rates of pay and working conditions for comparable work in other public agencies and private employment, current costs of living, suggestions of department heads, city financial condition, policies, procedures and other relevant considerations.

The City will for the first year work with a formal merit based salary system. This merit step program was based on results of the salary survey of comparisons to selected local jurisdictions from within Utah conducted in FY2012. The initial results have been indexed with the cost of living adjustment in CY2013. Also an updated review by the consultant indicates that Cottonwood Heights is still competitive with those entities as a whole, but individual salaries need to represent where the employee is on the curve toward midpoint (job market) level.

The *Compensation Schedule for Elective and Statutory Officers* determines the parameters used to calculate any cost of living increases. Based on this document, CPI means the December over December change for the December period immediately preceding the July 1st adjustment date from

the "Consumer Price Index-U.S. City Average for All Items for All Urban Consumers" as published by the United States Department of Labor, Bureau of Labor Statistics.

The December 2013 over December 2012 CPI index, all goods and services, unadjusted was 1.5%. This percentage will be applied July 1, 2014 to all employees across the board.

Additionally, all employees having successfully rated a 3 out of 5 or better on their individual performance goals will January 1, 2015 receive an additional merit step pay adjustment moving them to the next higher pay amount on the merit chart without a decrease in their December 31 salary.

Let's look back in time to see the ever changing saga of health insurance rates. In FY2012 the City began the year with a 60.9% increase in health insurance premiums. This experience based adjustment was eventually reduced to 22.3% increase. Dental rates also increased 8%. The City Council in FY2010 agreed to change the allocation of premiums from 90% city pays / 10% employee pays to 80% City pays / 20% employee pays beginning in FY2012. This decision was delayed during FY2012 because of the 60.9% expected rate increases.

In FY2013 the City agreed to offer for the first time two options for health care insurance. The first was a "traditional" plan. After implementing some cost savings changes to the plan, the plan resulted in a .69% increase in the health insurance premium contributions over adjusted FY2012 levels. The second was a Qualified High Deductible Health Plan (QHDHP) along with a Health Savings Account (HSA). This plan resulted in a 7.77% decrease in the combined health insurance premium/HSA contribution over the adjusted FY2012 levels. The City participated in funding an employee HSA account. Overall, the estimated annual health plans premium costs to the city decreased 3.3%. In FY2013 the city contributed 90% of the total premium for both plans.

The FY2014 pre-negotiated rates indicated a 19% increase in health insurance premiums. This increase was to be offset with a shift in employee participation of 20% compared to the current 10%. Final negotiations resulted in changing insurance providers, accepting a 14.04% premium rate increase for the QHDHP and a 10.74% premium rate increase for the Traditional Plan. The city contribution toward the HSA did not change. The initial plan to move from a 90% city pays / 10% employee pays to 80% City pays / 20% employee pays premium split was changed and the decision was adopted to implement an 85/15 split for the High Deductible Health Plan and an approximately 80/20 split for the Traditional Plan.

This was a substantial increase in the premiums paid by employees but was necessary to maintain the goals of the city of providing existing service levels to the taxpayers with no increase in taxes.

The dental plan premiums increased 5.4% over the FY2013 levels. A new insurance provider was also selected for dental, but the percentage of premiums remained at 70% city pays / 30% employee pays.

The City changed its health related insurance broker services again in FY2015. The rates in health and dental premiums have been negotiated to increase by 6% and 8% respectively. The participation remains an 85/15 split for the High Deductible Health Plan and an approximately 80/20 split for the Traditional Plan. The City will contribute the same HSA amount to two insured plan participants as it does to three or more insured plan participants.

No additional major benefit costs are scheduled to change significantly except for retirement rates as described next.

As mandated by the Utah State Legislature, through passage of the 2014-15 Utah State Retirement System (URS) rate schedule, the City will increase the percentage of (URS) contributions from 17.29% to 18.47% for the Tier 1 DB System noncontributory retirement system: Local Government Public Employees, and to remain at 32.20% for the Tier 1 DB System noncontributory retirement



system: Other Division B with 2.5% COLA Public Safety Employees. These changes represent a 1.18 and 0.00 percentage point increase; which result in a 6.82% and 0.00% increase in the budgeted cost of Tier I URS contributions. These changes represent lower rate increases than in previous years. This is somewhat different than what one might expect with the continuing news about the condition of state managed retirement plans throughout the country. The State of Utah has been a leader in change to avoid collapse of the retirement program and its strategy is beginning to work. Time will tell if additional change is necessary.

The City does contribute through the URS on behalf of employees who had previously retired from a government position prior to employment with Cottonwood Heights (so called post-retired employees) prior to July 1, 2010. The City will provide through a 401-K the same percentage contributions for those City employees as defined by their individual contracts: 11.86% (contract rate) for post retired from the public employees system and 25.49% (contract rate) for post retired from the public safety employees system.

The Tier 2 Hybrid retirement system: Local Government Public Employees or the Tier 2 Defined Contribution system: Local Government Public Employees will see rates change from 15.58% to 16.72% and the rates change from 21.60% to 21.72% for the Tier 2 Hybrid retirement system: Other Division B with 2.5% COLA Public Safety Employees. These changes represent a 1.14% and 0.12% percentage point increase respectively, which results in an 7.32% increase and 0.56% increase in the budgeted costs of the Tier 2 URS contributions. Once again, these changes represent lower rate increases than in previous years.

All new hires, after July 1, 2011 who were not previously employed with a participating employer and therefore a participant in the Tier 1 system will continue to be enrolled in the Tier 2 retirement system.

The following charts show the comparisons between the FY2013-14 and the FY2014-15 rates for retirement systems that currently impact Cottonwood Heights' employees.

Tier 1 Retirement Contribution Rates as a Percentage of Salary and Wages

Public Employees NonContributory System

Tier 1			rate change 1.18 % Change 6.82
2013-14 RATES (%)			
Employee	Employer	Total	
-	17.29	17.29	
2014-15 RATES (%)			
Employee	Employer	Total	
-	18.47	18.47	

Public Safety NonContributory System

Tier 1			rate change 0.00 % Change 0.00
2013-14 RATES (%)			
Employee	Employer	Total	
-	32.20	32.20	
2014-15 RATES (%)			
Employee	Employer	Total	
-	32.20	32.20	

Tier 2 Retirement Contribution Rates as a Percentage of Salary and Wages

Public Employees NonContributory System

Tier 2 Hybrid Retirement System					
2013-14 RATES (%)					
(1)	(2)	(3)	(4)	(5)	(6)
Hybird Plan					
Employer	Hybrid Plan	DC Plan			
Tier 2	BD Plan	Rate	Death	Tier 1	Total
Rate	Rate	(1)-(2)	Benefit*	Amortization %	(1)+(4)+(5)
10.00	8.41	1.59	0.09	5.49	15.58
2014-15 RATES (%)					
10.00	8.22	1.78	0.11	6.61	16.72

rate change 1.14

Tier 2 Defindced Contribution Plan			
2013-14 RATES (%)			
(1)	(2)	(3)	(4)
Employer			
Tier 2	Death	Tier 1	Total
Rate	Benefit*	Amortization %	(1)+(2)+(3)
10.00	0.09	5.49	15.58
2014-15 RATES (%)			
10.00	0.11	6.61	16.72

rate change 1.14



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

EXECUTIVE SUMMARY (BUDGET OFFICER'S MESSAGE)

Public Safety NonContributory System

Tier 2 Hybrid Retirement System					
2013-14 RATES (%)					
(1)	(2)	(3)	(4)	(5)	(6)
Hybird Plan					
Employer	Hybrid Plan	DC Plan			
Tier 2	BD Plan	Rate	Death	Tier 1	Total
Rate	Rate	(1)-(2)	Benefit*	Amortization %	(1)+(4)+(5)
12.00	10.91	1.09	0.11	9.49	21.60
2014-15 RATES (%)					
12.00	10.72	1.28	0.08	9.64	21.72
rate change					0.12

Tier 2 Defindced Contribution Plan			
2013-14 RATES (%)			
(1)	(2)	(3)	(4)
Employer			
Tier 2	Death	Tier 1	Total
Rate	Benefit*	Amortization %	(1)+(2)+(3)
12.00	0.11	9.49	21.60
2014-15 RATES (%)			
12.00	0.08	9.64	21.72
rate change			0.12

Staffing

There several changes in the overall staffing: adding 1.00 FTE new Police Officer, adding 1.00 Police Officer position that was previously not funded, adding 1.00 FTE Police Lieutenant position, by promotion with no actual increase in FTE, increasing the .60 FTE Benefits Coordinator to 1.00 FTE, adding 1.00 FTE Information Technology Software Support Technician.

Additionally, 1.25 Office Assistant I positions will move to Finance from Administrative Services, .50 Assistant Emergency Manager will move to Administrative Services from the City Manager's Office, and an Police Support Specialist was promoted to Records Supervisor.

Contracts for Service

The contract with the United Fire Authority will go up for the third time in six years. The change will be 5.00 percent, which is \$159,236 over the FY2014 budgeted level. This increase is partially offset by a 5.00 percent increase in the intergovernmental cooperative agreement with the City of Holladay, which reimburses the City each year for "first in" responses from Cottonwood Heights' fire stations into Holladay. The increase in this reimbursement is \$8,045.

The contract with the third party provider of Public Works services will also go up, recognizing a full 12 month contract period over the 8 month initial contract period. This increase in the operating budget will be approximately \$244,000.

Several other contractual agreements for items such as rent, geological engineering services, consultants, lobbyists, justice court and property insurance will see modest increases. Overall, these changes equal approximately \$108,000.

The fourth overall police vehicle lease-repurchase contract is anticipated to increase approximately \$29,000.

The purchase of salt to use as ice melt/preventer is anticipated to cost approximately \$224,000.

Capital Improvements Program (CIP)

The FY2013 Capital Improvements Program (CIP) will be funded at limited levels utilizing estimated unspent CIP project balances from prior years. Surpluses identified from completed projects will be added and allocated to other new/existing projects by amendment during the fiscal year.



FY2014-15 ANNUAL OPERATING AND CAPITAL BUDGET

EXECUTIVE SUMMARY (BUDGET OFFICER'S MESSAGE)

GENERAL FINANCIAL OVERVIEW

Cottonwood Heights has approximately nine and one-half years of history from its inception to the beginning of FY2015. There are approximately eight and one-half years of actual expenditures and one year of estimated actual expenditures to compare to the proposed budget. The following chart compares the last two years of actual revenue and expenditure history; FY2012, FY2013, and FY2014 adopted, along with the FY2014 estimated actual to the FY2015 budget.

GENERAL FUND

	2011-12 Year Actual	2012-13 Year Actual	2013-14 Year Adopted	2013-14 Year Estimated Actual	2014-15 Year Budget	2013 Estimate to 2014 Budget % Change
REVENUE	\$14,815,004	\$15,630,003	\$14,978,556	\$15,497,214	\$15,472,102	-0.16%
EXPENDITURES	13,400,125	16,110,284	14,978,556	15,455,758	15,981,632	3.40%
Revenue Over (Under) Expenditures	\$1,414,879	-\$480,281		\$41,456	-\$509,530	
Add Other Financing Sources:						
Impact Fees			\$45,000			
Proceeds From Capital Lease		1,142,555				
Sale of Capital Assets	14,800	753,000				
Beginning Unspendable Prepaids						
Beginning Assigned Fund Balance	857,894	871,757	899,412	899,412	991,433	10.23%
Beginning Unassigned Fund Balance	2,189,600	1,874,669	1,776,865	1,776,865	962,641	-45.82%
Sub Total	\$3,062,294	\$4,641,981	\$2,721,277	\$2,676,277	\$1,954,074	
Subtract Other Financing Uses:						
Transfer to Capital Projects Fund	\$1,730,747	\$1,485,423	\$895,000	\$763,659		-100.00%
Transfer to Debt Service Fund					\$453,111	100.00%
Aquisition of Leased Assets						
Unspendable Prepaids						
Restricted Awarded Asset Seizures						
Unexpended Class C Road Funds						
Assigned Fund Balance						
Unassigned Fund Balance						
Sub Total	\$1,730,747	\$1,485,423	\$895,000	\$763,659	\$453,111	-40.67%
Ending Fund Balance	\$2,746,426	\$2,676,277	\$1,826,277	\$1,954,074	\$991,433	-49.26%
Net Change in Fund Balance	-\$301,067	-\$70,149	-\$850,000	\$127,797	-\$962,641	

CAPITAL PROJECTS FUND

Interest Revenue	\$28,092	\$21,759	\$35,000	\$35,000	\$30,000	-14.29%
Grant Revenue		200,000		\$3,365,000		-100.00%
Impact Fees	25,185	31,783		45,000	45,000	0.00%
Total Revenue	53,277	253,542	35,000	3,445,000	75,000	
Other Financing Sources:						
Beginning Balance Carryover	5,799,508	3,911,972	4,471,448	4,471,448	941,926	-78.93%
Transfers From General Fund	1,730,747	1,485,423	802,392	763,659		-100.00%
In-kind contribution						
Total Available	\$7,583,532	\$5,650,937	\$5,308,840	\$8,680,107	\$1,016,926	
Expenditures	\$3,671,559	\$1,179,489	\$4,112,413	\$4,418,281	\$1,016,926	
Balance remaining to carryover	\$3,911,972	\$4,471,448	\$1,196,427	\$4,261,826		

By comparing a summary of the 2012 through 2013 actual revenue and expenditures with the estimated 2014 revenue and expenditures and the adopted 2015 budgets we acquire a good understanding of the big picture and a general overview of the City's revenue and expenditures in this budget. The preceding chart makes that comparison.

To further understand this budget the Capital Projects Fund and the General Fund must be viewed together. The Capital Projects Fund has no revenue source other than potential grants and interest earnings and must receive transfers from the General Fund for resources to finance its expenditures.

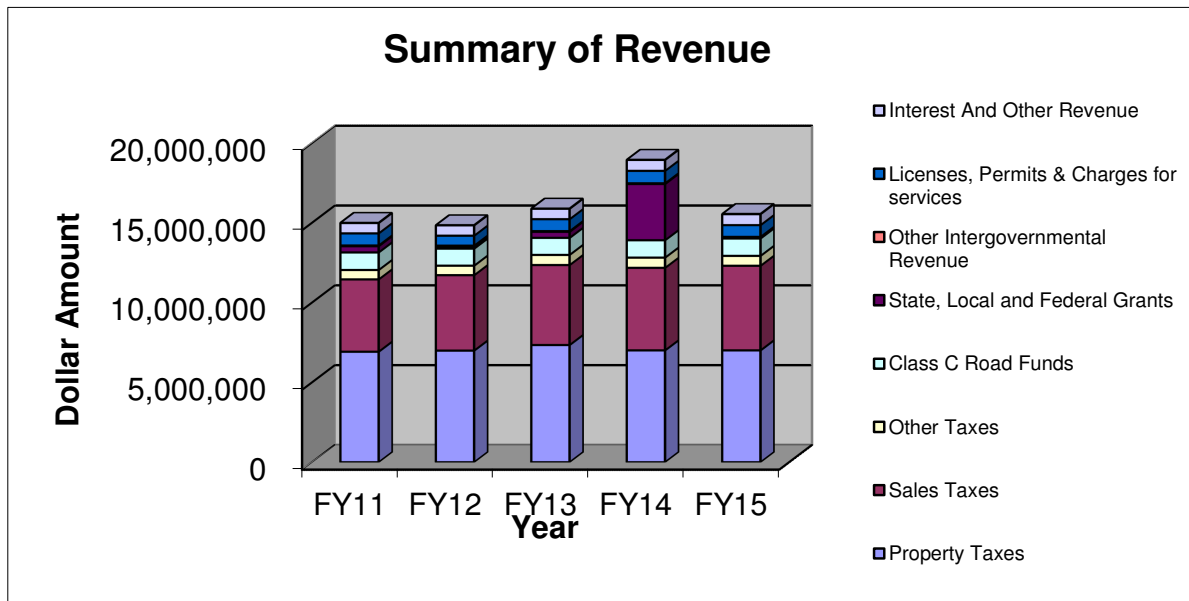
The preceding table shows that the proposed appropriated transfer from the General Fund to the Capital Projects Fund is \$-0- in FY2015. Most of the capital work in FY2015 will be completed using the fund balance appropriated to projects already.

The following are summaries and charts comparing the governmental fund (all appropriated funds) revenue and expenditures beginning with FY2011 and ending with FY2015.

Since the City's beginning, expenditures have remained relatively flat with two notable exceptions: 1) the costs associated with startup of the police department in FY2008 and FY2009, and 2) fluctuating expenditures on capital improvements. Expenditures have targeted enhancing public safety services, improving the city infrastructure, most notably parks, trails, and open space, to better serve the citizenry, and enhanced communication methods to aid the citizenry in knowing what is happening in their City.

**GOVERNMENTAL FUNDS (COMBINED)
SUMMARY OF REVENUE**

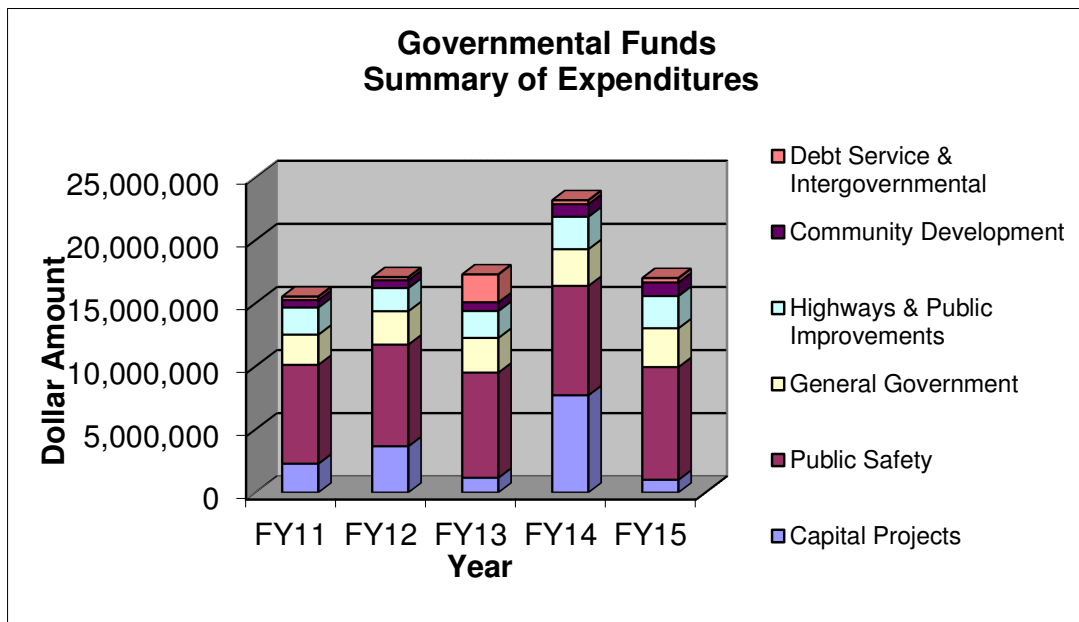
	Actual FY11	Actual FY12	Actual FY13	Estimated FY14	Budgeted FY15
Property Taxes	6,926,106	6,994,192	7,345,159	7,010,048	7,010,048
Sales Taxes	4,531,512	4,725,926	5,011,132	5,170,000	5,300,000
Other Taxes	589,232	596,586	636,881	640,000	621,700
Class C Road Funds	1,099,462	1,067,518	1,066,099	1,090,000	1,090,000
State, Local and Federal Grants	390,686	142,068	379,770	3,523,855	55,000
Other Intergovernmental Revenue	46,230	43,515	43,595	43,500	45,000
Licenses, Permits & Charges for services	758,562	625,991	747,907	781,000	736,100
Interest And Other Revenue	649,316	647,300	653,002	683,811	689,254
Total Revenue	14,991,106	14,843,096	15,883,545	18,942,214	15,547,102



**GOVERNMENTAL FUNDS
SUMMARY OF EXPENDITURES***

	Actual FY11	Actual FY12	Actual FY13	Estimated FY14	Budgeted FY15
Capital Projects	2,289,006	3,671,559	1,179,489	7,712,637	1,016,926
Public Safety	7,836,497	8,058,016	8,332,034	8,671,901	8,934,521
General Government	2,392,086	2,649,142	2,749,024	2,907,404	3,075,579
Highways & Public Improvements	2,152,392	1,835,285	2,132,619	2,571,951	2,552,425
Community Development	590,357	612,898	690,193	995,926	1,075,632
Debt Service & Intergovernmental	272,003	244,783	2,206,414	308,576	343,476
Total	15,532,341	17,071,683	17,289,773	23,168,395	16,998,558

*Expenditures do not include interfund transfers. In FY2015 there are \$453,111 of General Fund transfers to the Debt Service Fund.


CONCLUSION

As I present this amended FY2013-14 and adopted FY2014-15 preliminary budget to you, I thank the Mayor, Council, and City Manager for their interest and support guiding the preparation of this budget document, and each department director for their input and cooperation in the development of this budget, and the Finance Staff for their assistance during the development of this budget.



Steve L. Fawcett
Budget Officer



POLICES AND PROCESSES

